

16

Supreme Court, U.S.

**FILED**

MAR 23 1999

No. 98-531

IN THE

CLERK

**Supreme Court of the United States**

OCTOBER TERM, 1998

FLORIDA PREPAID POSTSECONDARY  
EDUCATION EXPENSE BOARD,  
*Petitioner,*

vs.

COLLEGE SAVINGS BANK and  
UNITED STATES OF AMERICA,  
*Respondents.*

ON WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

**BRIEF FOR AMICUS CURIAE  
AMERICAN INTELLECTUAL PROPERTY LAW  
ASSOCIATION SUPPORTING AFFIRMANCE OF  
THE FEDERAL CIRCUIT'S ORDER**

**AMERICAN INTELLECTUAL  
PROPERTY LAW ASSOCIATION**

MARGARET A. BOULWARE  
PRESIDENT  
2100 Jefferson Davis Highway  
Arlington, Virginia 22202-3694  
(703) 715-0780

JOSEPH R. RE  
*Counsel of Record*  
MICHAEL K. FRIEDLAND  
620 Newport Center Drive  
Sixteenth Floor  
Newport Beach, California 92660-8016  
(949) 760-0404

*Of Counsel:*

DON W. MARTENS  
JOSEPH N. WELCH

*Attorneys for Amicus Curiae*

3188

IN THE  
**Supreme Court of the United States**  
OCTOBER TERM, 1998

---

FLORIDA PREPAID POSTSECONDARY  
EDUCATION EXPENSE BOARD,  
*Petitioner,*

vs.

COLLEGE SAVINGS BANK and  
UNITED STATES OF AMERICA,  
*Respondents.*

---

ON WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

---

**BRIEF FOR AMICUS CURIAE  
AMERICAN INTELLECTUAL PROPERTY LAW  
ASSOCIATION SUPPORTING AFFIRMANCE OF  
THE FEDERAL CIRCUIT'S ORDER**

---

AMERICAN INTELLECTUAL  
PROPERTY LAW ASSOCIATION  
MARGARET A. BOULWARE  
PRESIDENT  
2100 Jefferson Davis Highway  
Arlington, Virginia 22202-3694  
(703) 715-0780

*Of Counsel:*  
DON W. MARTENS  
JOSEPH N. WELCH

JOSEPH R. RE  
*Counsel of Record*  
MICHAEL K. FRIEDLAND  
620 Newport Center Drive  
Sixteenth Floor  
Newport Beach, California 92660-8016  
(949) 760-0404

*Attorneys for Amicus Curiae*

TABLE OF CONTENTS

Page #

INTEREST OF THE AMICUS CURIAE .....	1
SUMMARY OF THE ARGUMENT .....	2
ARGUMENT .....	4
I Congress' Enactment of 35 U.S.C. § 296 Validly Abrogated States' Immunity From Patent Suits .....	4
A. Congress Unequivocally Expressed Its Intent to Abrogate States' Immunity ...	4
B. The Federal Circuit Correctly Found That The Act Constitutes a Valid Exercise of Fourteenth Amendment Power .....	5
1. 35 U.S.C. § 296 Is an Enactment to Prevent State Deprivation of Property Under the Fourteenth Amendment .....	7
2. 35 U.S.C. § 296 Is Plainly Adapted to the Enforcement of the Fourteenth Amendment .....	9
a. Congress Need Not Wait Until Constitutional Violations Are Widespread Before Acting Under Section 5 .	11
b. The Small Number of Suits Proves That the Act Does Not Unduly Burden the State .....	14

TABLE OF CONTENTS  
(Cont'd.)

	Page #
c. Section 5 Does Not Limit Congress to the Least Intrusive Legislation Possible . . . . .	15
d. Section 5 Legislation Is Not Limited to States That Offer No Other Possible Remedy . . . . .	15
e. The Exhaustion of State Law Remedies Doctrine Is Completely Inapposite . . . . .	18
3. The Act is Consistent with the Letter and Spirit of the Constitution . . . . .	18
II Florida Has Waived its Sovereign Immunity . . . . .	19
A. Florida Cannot Enforce Its Patents And Be Immune From Patent Suits . . . . .	20
B. This Court Has Not Overruled the <i>Parden</i> Waiver Doctrine . . . . .	21
CONCLUSION . . . . .	23

TABLE OF AUTHORITIES

Page #

<i>Additive Controls &amp; Measurement Systems, Inc. v. Flowdata, Inc.</i> , 986 F.2d 476 (Fed. Cir. 1993) . . . . .	17
<i>BV Eng'g v. UCLA</i> , 657 F. Supp. 1246 (C.D. Cal. 1987), <i>aff'd</i> , 858 F.2d 1394 (9th Cir. 1988) . . . . .	12
<i>Brown v. Duchesne</i> , 60 U.S. (19 How.) 183 (1857) . . . . .	8
<i>Chavez v. Arte Publico Press</i> , 157 F.3d 282 (5th Cir.), <i>reh'g in banc granted</i> (October 1, 1998) . . . . .	9
<i>Chew v. California</i> , 11 U.S.P.Q.2d (BNA) 1159 (E.D. Cal. 1988), <i>aff'd</i> , 893 F.2d 331 (Fed. Cir. 1990) . . . . .	12
<i>City of Boerne v. Flores</i> , 521 U.S. 507, 117 S. Ct. 2157 (1997) . . . . .	11,12,15,16
<i>College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.</i> , 148 F.3d 1343 (Fed. Cir. 1998) . . . . .	7,18
<i>Consolidated Fruit-Jar Co. v. Wright</i> , 94 U.S. 92 (1877) . . . . .	7
<i>Ex parte Virginia</i> , 100 U.S. 339 (1879) . . . . .	15
<i>Fitzpatrick v. Bitzer</i> , 427 U.S. 445 (1976) . . . . .	5,6,15
<i>Hartford-Empire Co. v. United States</i> , 323 U.S. 386 (1945) . . . . .	7

TABLE OF AUTHORITIES  
(Cont'd.)

Page #

<i>Hunter Douglas, Inc. v. Harmonic Design, Inc.</i> , 153 F.3d 1318 (Fed. Cir. 1998), <i>cert. denied</i> , 119 S. Ct. 1037 (1999) .....	17
<i>James v. Campbell</i> , 104 U.S. 356 (1882) .....	8
<i>Katzenbach v. Morgan</i> , 384 U.S. 641 (1966) .....	6,10,18,19
<i>Lane v. First Nat'l Bank of Boston</i> , 687 F. Supp. 11 (D. Mass. 1988), <i>aff'd</i> , 871 F.2d 166 (1st Cir. 1989) .....	12
<i>McCulloch v. Maryland</i> , 17 U.S. (4 Wheat.) 316 (1816) .....	6
<i>Parden v. Terminal Ry. of Ala.</i> <i>State Docks Dep't</i> , 377 U.S. 184 (1964) .....	19,21,22
<i>Pennsylvania v. Union Gas Co.</i> , 491 U.S. 1 (1989) .....	22
<i>Richard Anderson Photography v. Radford Univ.</i> , 633 F. Supp. 1154 (W.D. Va. 1986) .....	12
<i>Seminole Tribe v. Florida</i> , 517 U.S. 44, 116 S. Ct. 1114 (1996) .....	<i>passim</i>

TABLE OF AUTHORITIES  
(Cont'd.)

Page #

<i>Welch v. Texas Dep't of Highways</i> <i>and Pub. Transp.</i> , 483 U.S. 468 (1987) .....	19,21,22
<i>Yarway Corp. v. Eur-Control USA, Inc.</i> , 775 F.2d 268 (Fed. Cir. 1985) .....	14

OTHER

U.S. Const. art. I, § 8, cl. 5 .....	8
U.S. Const. art. I, § 8, cl. 8 .....	19
U.S. Const. amend. XI .....	<i>passim</i>
U.S. Const. amend. XIV, § 1 .....	5,7
U.S. Const. amend. XIV, § 5 .....	<i>passim</i>
11 U.S.C. § 101(35A) .....	7
11 U.S.C. § 365(n) .....	7
25 U.S.C. § 2710(d)(3)(A) .....	22,23
26 U.S.C. § 1235(a) .....	7
28 U.S.C. § 1338 .....	17
35 U.S.C. § 261 .....	7
35 U.S.C. § 285 .....	14
35 U.S.C. § 296 .....	<i>passim</i>
Fla. Stat. § 11.065. ....	16

TABLE OF AUTHORITIES  
(Cont'd.)

	Page #
Fla. Stat. § 240.229 .....	21
137 Cong. Rec. S4046 (daily ed. Mar. 21, 1991) ..	10
<i>Patent Remedy Clarification Act: Hearing Before the Subcomm. on Courts, Intellectual Property, and the Administration of Justice of the House Comm. on the Judiciary, 101st Cong., 48 (1990) (statement of William S. Thompson, president, American Intellectual Property Law Association) .....</i>	12,13
S. Rep. No. 102-280, 1992 U.S.C.C.A.N. 3087 ...	10

INTEREST OF THE AMICUS CURIAE<sup>1</sup>

The American Intellectual Property Law Association ("AIPLA") is a national association of approximately 10,000 members who are primarily attorneys with interests and practices in the areas of patent, copyright, trademark, trade secret, and other intellectual property law. AIPLA attorneys are employed by private law firms, corporations, universities, and governments, and represent both owners and users of intellectual property. Unlike many other areas of practice in which separate and distinct plaintiffs' and defendants' bars exist, most, if not all, intellectual property law attorneys represent both intellectual property owners and alleged infringers.

The AIPLA has no stake in the parties to this litigation or the result of this case. It is, however, deeply concerned about the possibility that the Federal Circuit's decision might be reversed. Such a reversal would immediately immunize every state and every state subdivision and agency from any suit brought under the patent laws, allowing the widespread infringement of valid patents with virtual impunity,

---

<sup>1</sup> Pursuant to Rule 37.3, the parties have consented to the filing of this brief. Their letters of consent have been filed with the Clerk of the Court.

Pursuant to Rule 37.6, *amicus curiae* states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amicus curiae* or its counsel.

thereby substantially ending the uniform applicability of our Nation's patent system.

The interests of those in the scientific and business communities represented by our members would be directly and adversely affected if this Court were to find that states are now immune from patent infringement suits. Therefore, for the reasons set forth in this brief, the AIPLA respectfully requests that this Court affirm the Federal Circuit's decision.

### SUMMARY OF THE ARGUMENT

Reversal of the Federal Circuit's decision would upset the United States' patent system. States, even those that actively participate in that system, could continue to reap the many benefits of federal patent protection, while avoiding all liability for their infringement of the patent rights of others.

The states, including Florida, own and enforce thousands of patents and frequently license them to raise revenue. Moreover, the individual states often contract to use the intellectual property rights of others. Immunizing the states from claims for patent infringement would therefore not only be unjust; it would destroy a patent owner's ability to protect patent rights against infringement by the states.

If this Court reverses the Federal Circuit's decision, every one of the fifty states, and every of the thousands of state subdivisions and agencies, would immediately be granted the freedom to infringe patents,

subject only to whatever redress, if any, the states may see fit to offer. The consequences would be felt nationwide and internationally, as the valuable rights of both American and foreign patentees could be nullified by the caprices of any state or state agency.

Fortunately, there is no sovereign immunity in this case, and such disorder need not occur. There are at least two separate and distinct bases for the exercise of jurisdiction over Florida in this case. First, the Fourteenth Amendment empowers Congress to abrogate states' immunity where necessary to protect constitutionally guaranteed property rights. Because a patent is a classic property right, Congress' enactment of the Patent and Plant Variety Protection Remedy Clarification Act (the "Act"), 35 U.S.C. § 296 (1994), properly abrogated any immunity the states may have had from liability for patent infringement. Second, sovereign immunity is a privilege that each state may waive. Here, Florida has voluntarily waived its sovereign immunity by its extremely active participation in our Nation's patent system.

This Court's decision in *Seminole Tribe v. Florida*, 517 U.S. 44, 116 S. Ct. 1114 (1996), should have no effect on the question raised here. To find abrogation of Florida's sovereign immunity, the Federal Circuit here did not rely upon the "plan of the convention" theory expressly overruled by *Seminole Tribe*. Rather, the Federal Circuit relied upon the power

granted to Congress by Section 5 of the Fourteenth Amendment, a power confirmed by *Seminole Tribe*. Accordingly, this Court should affirm the Federal Circuit's decision.

## ARGUMENT

### I

#### CONGRESS' ENACTMENT OF 35 U.S.C. § 296 VALIDLY ABROGATED STATES' IMMUNITY FROM PATENT SUITS

In *Seminole Tribe*, this Court established a two-part test for identifying the circumstances under which Congress can abrogate a state's Eleventh Amendment immunity.<sup>2</sup> A statute validly abrogates that immunity where Congress: (1) "unequivocally expressed its intent to abrogate the immunity," and (2) "has acted pursuant to a valid exercise of power." *Seminole Tribe*, 116 S. Ct. at 1123. Congress satisfied both requirements in passing the Act.

#### A. CONGRESS UNEQUIVOCALLY EXPRESSED ITS INTENT TO ABROGATE STATES' IMMUNITY

Florida concedes that the Congress stated its intent to abrogate immunity with unmistakable clarity.

---

<sup>2</sup> The Eleventh Amendment provides: "The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State." U.S. Const. amend. XI.

Pet'r Br. at 15; See 35 U.S.C. § 296(a). The Act thus readily satisfies the first prong of the *Seminole Tribe* test.

#### B. THE FEDERAL CIRCUIT CORRECTLY FOUND THAT THE ACT CONSTITUTES A VALID EXERCISE OF FOURTEENTH AMENDMENT POWER

The Act meets the second prong of the *Seminole Tribe* test if Congress enacted it, "pursuant to a valid exercise of power." Because Congress passed the Act pursuant to Section 5 of the Fourteenth Amendment, the Act satisfies the second prong of the *Seminole Tribe* test.

Section 1 of the Fourteenth Amendment provides that, "[n]o State shall . . . deprive any person of life, liberty, or property, without due process of law . . . ." U.S. Const. amend. XIV, § 1. Section 5 of the Fourteenth Amendment empowers Congress to "enforce, by appropriate legislation, the provisions" of the amendment. U.S. Const. amend. XIV, § 5.

In *Seminole Tribe*, this Court confirmed its holding in *Fitzpatrick v. Bitzer*, 427 U.S. 445 (1976), that Section 5 of the Fourteenth Amendment necessarily authorizes Congress to abrogate Eleventh Amendment immunity. The Court stated,

[T]hrough the Fourteenth Amendment, federal power extended to intrude upon the province of the Eleventh Amendment

and therefore . . . § 5 of the Fourteenth Amendment allowed Congress to abrogate the immunity from suit guaranteed by that Amendment.

*Seminole Tribe*, 116 S. Ct. at 1125; see *Fitzpatrick*, 427 U.S. at 456 (Section 5 may "provide for private suits against States or state officials which are constitutionally impermissible in other contexts.").

Thus, the Act satisfies *Seminole Tribe* if it is "appropriate legislation" to enforce a Fourteenth Amendment right. As this Court held in *Katzenbach v. Morgan*, 384 U.S. 641 (1966), whether legislation is "appropriate" under Section 5 depends on:

[1] whether [the statute] may be regarded as an enactment to enforce the [Fourteenth Amendment], [2] whether it is "plainly adapted to that end" and [3] whether it is not prohibited by but is consistent with the "letter and spirit of the Constitution."

*Katzenbach*, 384 U.S. at 651 (quoting *McCulloch v. Maryland*, 17 U.S. (4 Wheat.) 316, 421 (1816)). The Act satisfies each condition required by *Katzenbach*.

1. **35 U.S.C. § 296 IS AN ENACTMENT TO PREVENT STATE DEPRIVATION OF PROPERTY UNDER THE FOURTEENTH AMENDMENT**

Section 1 of the Fourteenth Amendment prohibits states from depriving citizens of property. Section 5 of the Fourteenth Amendment grants Congress the authority to "enforce, by appropriate legislation," the rights guaranteed by the Fourteenth Amendment, including the prohibition on state deprivations of property. Patents are property. Thus, the Act, which makes states subject to suits for patent infringement, is legislation to enforce the Fourteenth Amendment.

Indeed, patents possess all attributes of personal property. They are assigned, licensed, mortgaged, and otherwise hypothecated. Their transfers and encumbrances are recorded. 35 U.S.C. § 261 ¶ 4. They are treated as property by the bankruptcy laws (*e.g.*, 11 U.S.C. § 101(35A); 11 U.S.C. § 365(n)) and the tax laws (*e.g.*, 26 U.S.C. § 1235(a)).

As stated by the Federal Circuit, "[i]t is, of course, beyond cavil that the patent owned by College Savings is property." *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 148 F.3d 1343, 1349 (Fed. Cir. 1998). This Court has reached the same conclusion on several occasions. See *Hartford-Empire Co. v. United States*, 323 U.S. 386, 415 (1945) ("That a patent is property, protected against appropriation both by individuals and by government, has long been settled."); *Consolidated Fruit-Jar Co. v.*

*Wright*, 94 U.S. 92, 96 (1877) ("A patent for an invention is as much property as a patent for land."); *James v. Campbell*, 104 U.S. 356, 357-58 (1882) (the infringement of a patent by a state is a "taking" under the Fourteenth Amendment). Even at the time of the ratification of the Fourteenth Amendment, patents were understood to be property. See *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 197 (1857) ("For, by the laws of the United States, the rights of a party under a patent are his private property . . . .").

In arguing for the reversal of the Federal Circuit's decision, Florida does not dispute that patents are property. Nor does it appear to dispute that the Fourteenth Amendment empowers Congress to enact "appropriate legislation" to prevent the deprivation of property. Instead, it argues that because patents are created by Article I, the Fourteenth Amendment does not empower Congress to abrogate Eleventh Amendment immunity to protect them. Pet'r Br. at 17.

That argument fails on many levels. To the extent it contends that the Fourteenth Amendment excludes property described in Article I, it simply ignores the plain language of the Fourteenth Amendment. The Fourteenth Amendment clearly and unambiguously prohibits state deprivations of *all* property. Indeed, if the Fourteenth Amendment did not protect property described in Article I, a state could freely deprive citizens of *money*, as well as patents, since Congress' power to coin money also arises from Article I. U.S. Const. art. I, § 8, cl. 5.

The argument that Congress might one day create an ersatz property right in an attempt to avoid the Eleventh Amendment is similarly unavailing. Pet'r Br. at 18-19 (citing the panel opinion in *Chavez v. Arte Publico Press*, 157 F.3d 282, 289 (5th Cir.), *reh'g in banc granted* (Oct. 1, 1998)). Regardless of what legislation a future Congress might hypothetically enact, the genuineness of a patent's status as property remains unquestioned.

The argument of amicus Regents of the University of California ("UC") is even less availing. UC asserts that patents are not property because the only right conferred by a patent is the right to exclude others from making, using, or selling a patented invention, with no right of self-help. UC Br. at 6. As pejoratively stated by UC: "At its essence, an inventor's 'property right' in a patent is the right to bring suit, and that is all it is." *Id.* Of course, *all* property rights, including every form of real and personal property, reduce to the right to exclude others, enforceable by suit. Thus, UC's own argument clarifies that patents are indistinguishable from other forms of property, and actually confirms that the Act is legislation to enforce a Fourteenth Amendment right.

**2. 35 U.S.C. § 296 IS PLAINLY ADAPTED  
TO THE ENFORCEMENT OF THE  
FOURTEENTH AMENDMENT**

That the Act is "plainly adapted" to the enforcement of a Fourteenth Amendment right is equally evident. Congress' express purpose in passing

the Act was to "protect the property rights of patent . . . holders." S. Rep. No. 102-280, at 8, 1992 U.S.C.C.A.N. 3087. In introducing the legislation, Senator De Concini stressed that, "States continue to take advantage of the sovereign immunity loophole that remains in the Patent Code." 137 Cong. Rec. S4046 (daily ed. Mar. 21, 1991).

The provisions of the Act directly address that purpose. First, the Act provides that states shall not be immune from suits in federal court for patent infringement. 35 U.S.C. § 296(a). Second, the Act makes states subject to the same patent law remedies — damages, attorney fees, interest, costs, and treble damages — as private infringers. See 35 U.S.C. § 296(b).

Congress recognized that only by subjecting the states to the same patent laws and remedies applied to private entities could it protect patent rights. With immunity, states possessed a "loophole" allowing them to ignore patent rights. Congress even recognized that, if patentees did not have access to remedies such as attorneys' fees, their "ability to obtain full and equitable compensation" would be diminished, and states would be "more likely to force litigation rather than seek reasonable settlements." S. Rep. No. 102-280, at 18. The Act closed the immunity loophole to protect the property rights of patent holders, and therefore is "plainly adapted" to enforce property rights as required by the Supreme Court in *Katzenbach*.

Understandably, Florida and amici supporting its position assert numerous arguments in an attempt to overturn this analysis. They assert that the Act is unconstitutional because patent infringement suits against states have been too few; because the burden of such suits would be too great (an argument that appears to be inconsistent with their observation on the scarcity of suits); because the Act does not employ the "least intrusive" means to achieve the Congressional goal; because the Act applies to states that might provide some remedy of their own for patent infringement; and because College Savings has not exhausted its state remedies, whatever they might be. As will be shown below, all of these arguments are meritless.

**a. CONGRESS NEED NOT WAIT  
UNTIL CONSTITUTIONAL  
VIOLATIONS ARE WIDESPREAD  
BEFORE ACTING UNDER  
SECTION 5**

Florida observes that, in many of the cases cited by this Court in *City of Boerne*, there were widespread violations of the Fourteenth Amendment prior to the enactment of Section 5 legislation. Pet'r Br. at 22.

The Fourteenth Amendment and this Court's jurisprudence do not require evidence of unconstitutional conduct before Congress may enact appropriate legislation. Congressional enactments are constitutional which "remedy or prevent unconstitutional actions." *City of Boerne v. Flores*, 521 U.S. 507, 117 S. Ct. 2157, 2164 (1997) (emphasis added). There is no

requirement of any quantum of violation, only that Congressional action be directed to state action that has "a significant likelihood of being unconstitutional." 117 S. Ct. at 2170.

Moreover, Florida's contention that Congress possessed "no evidence" of state unconstitutional conduct before passing the Act is simply incorrect. Congress was keenly aware that states had begun successfully asserting Eleventh Amendment immunity as a defense to intellectual property claims, including patent claims. *See Patent Remedy Clarification Act: Hearing Before the Subcomm. on Courts, Intellectual Property, and the Administration of Justice of the House Comm. on the Judiciary*, 101st Cong., 48-50 (1990) (statement of William S. Thompson, president, American Intellectual Property Law Association) (citing *Lane v. First Nat'l Bank of Boston*, 687 F. Supp. 11 (D. Mass. 1988), *aff'd*, 871 F.2d 166 (1st Cir. 1989)); *BV Eng'g v. UCLA*, 657 F. Supp. 1246 (C.D. Cal. 1987), *aff'd*, 858 F.2d 1394 (9th Cir. 1988); *Richard Anderson Photography v. Radford Univ.*, 633 F. Supp. 1154 (W.D. Va. 1986), *aff'd in part and rev'd in part, remanded*, 852 F.2d 114 (4th Cir. 1988); *Chew v. California*, 11 U.S.P.Q.2d (BNA) 1159 (E.D. Cal. 1988), *aff'd*, 893 F.2d 331 (Fed. Cir. 1990).

Florida, in addition, observes that the Federal Circuit cited to only eight reported cases in which states were named as defendants in patent infringement actions, and implies that the number somehow places the constitutionality of the Act in doubt. Pet'r Br. at

26-27. The low number of such reported cases, however, is simply a reflection of the fact that, for most of the history of the republic, states did not question their responsibility to comply with the patent laws.

Once Congress became aware that states were beginning to assert immunity, it moved quickly to prevent further violation of the Fourteenth Amendment. This understanding is evident from testimony in the Congressional record. As stated by this amicus, the AIPLA, before Congress,

[S]tates are willing and able to respect patent rights. The fact that there are so few reported cases involving patent infringement claims against states underlines the point.

The attitude of states towards patents exists in circumstances in which . . . states understood they are legally responsible for infringement. . . . Our fear is that if current legal immunity continues, states will begin to disregard, perhaps carelessly, patent rights, and perhaps in time to knowingly infringe patent rights.

*Patent Remedy Clarification Act: Hearing Before the Subcomm. on Courts, Intellectual Property, and the Administration of Justice of the House Comm. on the Judiciary*, 101st Cong., 56-57 (1990) (statement of

William S. Thompson, president, American Intellectual Property Law Association).

**b. THE SMALL NUMBER OF SUITS PROVES THAT THE ACT DOES NOT UNDULY BURDEN THE STATES**

The number of patent infringement cases filed against states belies the contention that the Act is unconstitutional because it, "imposes a heavy litigation burden on states." Pet'r Br. at 36. The fact that states have seldom found themselves defendants in patent infringement litigation demonstrates that states' alarm over an "immense" impact on the states is hyperbole.

The small number of suits also demonstrates that states' concern over exposure to patent law remedies such as treble damages and attorneys' fees are unfounded. Although the availability of both remedies is crucial to protect patentees and prevent infringement, they are only available in extreme cases. A patentee may recover treble damages only in cases of willful infringement. See, e.g., *Yarway Corp. v. Eur-Control USA, Inc.*, 775 F.2d 268 (Fed. Cir. 1985). Attorneys' fees are available only in exceptional cases. 35 U.S.C. § 285. In the absence of Eleventh Amendment immunity, there is simply no reason to believe that state infringement of patents would become widespread, or that any state would willfully infringe a patent. Thus, no aspect of the Act would impose a substantial burden on the states, let alone an unconstitutional burden.

**c. SECTION 5 DOES NOT LIMIT CONGRESS TO THE LEAST INTRUSIVE LEGISLATION POSSIBLE**

The Fourteenth Amendment does not require that Section 5 legislation be the least intrusive possible; it requires only that such legislation be *appropriate*. See *City of Boerne*, 117 S. Ct. at 2163 ("Whatever legislation is appropriate, that is, adapted to carry out the objects the amendments have in view, whatever tends to enforce submission to the prohibitions they contain . . . if not prohibited, is brought within the domain of congressional power") (quoting *Ex parte Virginia*, 100 U.S. 339, 345-46 (1879)).

**d. SECTION 5 LEGISLATION IS NOT LIMITED TO STATES THAT OFFER NO OTHER POSSIBLE REMEDY**

There is no requirement that Section 5 legislation affect only state action that is itself unconstitutional. As stated by this Court in *City of Boerne*,

Legislation which deters or remedies constitutional violations can fall within the sweep of Congress' enforcement power even if in the process it prohibits conduct which is not itself unconstitutional . . . .

117 S. Ct. at 2163 (citing *Fitzpatrick v. Bitzer*, 427 U.S. 445, 455 (1976)). Here, there is no doubt that the Act

deters and remedies constitutional violations, *i.e.*, state deprivation of patent property rights. Accordingly, the Act satisfies the requirements of the Fourteenth Amendment as stated by this Court in *City of Boerne*.

However, even if the Fourteenth Amendment did require that Section 5 legislation apply only to constitutional violations, it is by no means certain that Florida provides mechanisms for redress that meet the requirements of due process. Florida observes that College Savings "*arguably* can pursue an action in federal court for injunctive relief under the authority of *Ex parte Young*." Pet'r Br. at 27 (emphasis supplied). Similarly, amici States of Ohio, Alabama, California, et al. ("SOAC") equivocate on the question of whether any state has obligated itself to provide a remedy for patent infringement at all. Their amici brief tellingly opines: "it may well be true that States have the sovereign right to remain immune from suit in both state and federal court . . . ." SOAC Br. at 3.

Florida also notes that it has a process by which any claimant, including an aggrieved patentee, "may seek to have a claim bill filed in the state legislature to provide money damages," citing to Fla. Stat. § 11.065. Pet'r Br. at 27. Although Florida's legislature might well provide due process in response to such a claim, the statute cited by Florida does no more than require that claims be brought within four years, and that any relief granted be for "payment in full." Fla. Stat. § 11.065. The statute describes no process whatsoever by which the legislature might address the claim bill — let alone constitutionally mandated due process.

Similarly, Florida asserts that patentees could simply assert state law claims in state court for redress for patent infringement. However, 28 U.S.C. § 1338 vests jurisdiction for such claims *exclusively* in the federal courts. See *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318 (Fed. Cir. 1998), *cert. denied*, 119 S. Ct. 1037 (1999); *Additive Controls & Measurement Sys., Inc. v. Flowdata, Inc.*, 986 F.2d 476 (Fed. Cir. 1993). Under these circumstances, a patentee can hardly rely on state law claims as a means to protect its Fourteenth Amendment rights.

Indeed, Florida suggests in effect that Congress must perform an analysis of procedures offered by each state to redress Fourteenth Amendment violations prior to enacting legislation pursuant to Section 5, or that courts must perform an analysis of the procedures of a particular state prior to applying Section 5 legislation. Pet'r Br. at 31. Based on the then-offered procedures, Congress would have to draft legislation, or courts would have to selectively apply the legislation, such that it was custom-tailored for each of the 50 states. As stated by the Federal Circuit,

We do not read the precedent to permit abrogation of the state's immunity only in those instances in which a state provides no due process in its own courts to redress the alleged misconduct. We also do not read the precedent to require Congress to customize statutes enacted under the Fourteenth Amendment to take account of such variations as may exist

among the states in remedies offered for alleged infringement of patents.

*College Sav. Bank*, 148 F.3d at 1351. Simply put, neither the Fourteenth Amendment nor any other authority require that state-by-state balkanization of our federal patent laws.

e. **THE EXHAUSTION OF STATE LAW  
REMEDIES DOCTRINE IS  
COMPLETELY INAPPOSITE**

Florida argues that "patentees should be required to exhaust the available state law remedies before any due process violation can be found." Pet'r Br. at 29. Here, Florida has completely missed the mark. The issue before this Court is not whether a *patentee* can bring suit in federal court for a constitutional violation, rather whether *Congress* can enact legislation pursuant to the Fourteenth Amendment. Clearly, it can.

3. **THE ACT IS CONSISTENT WITH THE  
LETTER AND SPIRIT OF THE  
CONSTITUTION**

The Act satisfies the third element of the Supreme Court's *Katzenbach* test if consistent with the letter and spirit of the Constitution. No inconsistency is present. Indeed, the Act furthers Congress' constitutional mandate to:

promote the Progress of Science and  
useful Arts, by securing for limited

Times to Authors and Inventors the  
*exclusive* Right to their respective  
Writings and Discoveries

U.S. Const. art. I, § 8, cl. 8 (emphasis added).

Congress enacted the patent laws pursuant to this constitutional provision. Suits against states for patent infringement promotes the progress of the useful arts just as do suits against individuals. Therefore, the Act is completely consistent with the letter and spirit of the Constitution as required by the *Katzenbach* case.

II  
**FLORIDA HAS WAIVED ITS  
SOVEREIGN IMMUNITY**

Even if Congress had not abrogated Florida's immunity by passing the Act, by *voluntarily* choosing to enforce its patent rights, Florida waived any immunity it may have had from patent litigation. *Parden v. Terminal Ry. of Ala. State Docks Dep't*, 377 U.S. 184 (1964). The district court, incorrectly believing that this Court's decisions in *Welch v. Texas Dep't of Highways and Pub. Transp.*, 483 U.S. 468 (1987), and *Seminole Tribe* overruled *Parden*, ruled that Florida had not waived its immunity here. The Federal Circuit, finding that the Act validly abrogated Florida's immunity, never reached the question of waiver. Waiver, however, does

provide an additional basis for affirmance of the Federal Circuit's decision.<sup>3</sup>

**A. FLORIDA CANNOT ENFORCE ITS PATENTS AND BE IMMUNE FROM PATENT SUITS**

Florida is an active and deliberate participant in the federal patent system. Through the University of Florida alone, it holds well over 100 unexpired patents, and through Florida State University, it holds well over another 50 unexpired patents. Florida specifically authorizes its public universities to obtain patents, license them, *and to sue for infringement*. Florida law specifically provides:

[E]ach university is authorized, in its own name, to:

(1) Perform all things necessary to secure letters of patent . . . *and to enforce its rights therein*. . . .

(2) License, lease, assign, or otherwise give written consent to any person, firm, or corporation for the manufacture or use thereof, on a royalty basis or for such

---

<sup>3</sup> The question presented on this Petition may not appear fairly to include the issue of waiver. See Sup. Ct. R. 14.1. However, in view of this Court's grant of the Petition of Respondent in No. 98-149, in which the issue of waiver was specifically raised, it appears that this Court could and may address waiver in both cases.

other consideration as the university shall deem proper.

(3) *Take any action necessary, including legal action, to protect the same against improper or unlawful use or infringement.*

(4) Enforce the collection of any sums due the university for the manufacture or use thereof by any other party.

Fla. Stat. § 240.229 (emphasis added).

Florida has *voluntarily* chosen to receive *the benefits* of a federally created system governing certain intellectual property, and has, accordingly, impliedly agreed to assume *the burdens* of that same system.

**B. THIS COURT HAS NOT OVERRULED THE *PARDEN* WAIVER DOCTRINE**

In *Parden*, this Court ruled that Alabama waived its Eleventh Amendment immunity from suit under the Federal Employers' Liability Act by operating a railroad with knowledge that federal law regulates railroad operation. Here, Florida knowingly and actively participated in the patent law system, and thus waived its immunity from suits under the patent laws.

The district court's belief that this Court's decisions in *Welch* and *Seminole Tribe* overruled

*Parden* was simply mistaken. *Welch* merely stated that Congress must "express[] in unmistakable statutory language its intention to allow States to be sued in federal court. . . ." *Welch*, 483 U.S. at 475. No such question is raised with respect to the patent laws. That the Act unmistakably expresses Congress' intent to allow states to be sued in federal court is beyond dispute.

Similarly, *Seminole Tribe* pertains only to waivers that are implied solely from the states' ratification of the Constitution. As the district court correctly held, this so-called "plan of the convention" theory of sovereign immunity waiver is not the law. This Court in *Seminole Tribe* thus expressly overruled *Pennsylvania v. Union Gas Co.*, 491 U.S. 1 (1989), in which the Court applied the plan-of-convention theory.

But this Court did not overrule *Parden* and the waiver theory sanctioned by that case. Rather, it referred to *Parden* as a "case holding the unremarkable, and completely *unrelated*, proposition that the States may waive their sovereign immunity." *Seminole Tribe*, 116 S. Ct. at 1128 (emphasis added). In *Seminole Tribe*, it was "undisputed that Florida has not consented to the suit." *Id.* at 1123. *Seminole Tribe* is therefore inapposite to the questions of actual voluntary waiver, like that of Florida in this case.

*Seminole Tribe* involved the Indian Gaming Regulatory Act. That act "imposes upon the States a duty to negotiate in good faith. . . ." 25 U.S.C.

§ 2710(d)(3)(A); *see* 116 S. Ct. at 1119-20. In *Seminole Tribe*, Florida had no choice whatsoever concerning its participation in that federal scheme. Florida here, in contrast, has made many choices that prove it voluntarily consented to operate within the federal scheme governing our patent laws. Accordingly, it must be deemed to have waived its sovereign immunity from patent infringement suits.

### CONCLUSION

For the foregoing reasons, the AIPLA respectfully submits that the Federal Circuit correctly found jurisdiction over the State of Florida in this case. This jurisdiction exists despite Florida's claim of sovereign immunity and the Supreme Court's decision

in *Seminole Tribe*. Accordingly, this Court should affirm the denial of Florida's motion to dismiss the claim for patent infringement.

Respectfully submitted,

March 22, 1999

JOSEPH R. RE  
*Counsel of Record*  
MICHAEL K. FRIEDLAND  
620 Newport Center Drive  
16th Floor  
Newport Beach, California 92660  
(949) 760-0404

AMERICAN INTELLECTUAL  
PROPERTY LAW ASSOCIATION  
Margaret A. Boulware,  
President

*Attorneys for Amicus Curiae*  
*American Intellectual Property*  
*Law Association*

DON W. MARTENS  
JOSEPH N. WELCH

*Of Counsel*